

FILED

MAY 13 2013

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TENNESSEE
AT KNOXVILLE

Clerk, U. S. District Court
Eastern District of Tennessee
At Knoxville

UNITED STATES OF AMERICA,

Plaintiff,

vs.

ASHLEY JUDD,

Defendant.

Case No.

Judge

3:13-CR-58
Varlan/Guyton

INFORMATION

The United States Attorney charges:

COUNT 1

(Conspiracy to Commit an Offense against the United States)

At all times material hereto:

1. Pilot Corporation and Pilot Travel Centers, LLC, (collectively referred to as "Pilot"), headquartered in Knoxville, Tennessee, operated travel plazas throughout the United States and served as one of the largest suppliers of diesel fuel to over-the-road trucking companies in the country. Through its "direct sales" division, which consisted of national and regional vice presidents, sales directors, sales managers, account representatives, and others, Pilot induced its trucking company customers to purchase its diesel fuel by offering various incentives, including diesel fuel price discounts.

2. The defendant, ASHLEY JUDD, has been employed as a regional account representative in Pilot's direct sales division since 2009. As a direct sales regional account representative, the defendant, ASHLEY JUDD, has supported Pilot's business of providing diesel fuel price discounts in various forms to over-the-road trucking companies for the purpose of inducing those companies to purchase diesel fuel for commercial use from Pilot's numerous

travel plazas throughout the United States, instead of purchasing diesel fuel from Pilot's competitors.

3. Since 2009, the defendant, ASHLEY JUDD, has supported other Pilot direct sales employees who have negotiated diesel discount deals with Pilot's customers. Pilot's diesel discount deals typically have involved one of three options: "retail-minus" pricing, "cost-plus" pricing, or a combination of the two known as "better-of." For its retail-minus discount deals, Pilot typically has agreed to provide the customer with a discount equal to the retail gallon price of diesel minus a negotiated "x" cents. For its cost-plus discount deals, Pilot typically has agreed to provide the customer with a discount price equal to a benchmarked "cost" for a gallon of diesel plus a negotiated "x" cents. A Pilot customer with a "better of" pricing discount deal would have had both a retail-minus deal and a cost-plus deal in place for specified Pilot travel plazas, and the customer receives whichever discount is greater at the time of each diesel purchase – the cost-plus price or the retail-minus price.

4. Whether a Pilot customer has negotiated a "retail minus 'x' cents" discount, a "cost plus 'x' cents" discount, or a "better of" pricing discount, the customer would choose to receive its discount generally in two ways - "off-invoice" or by way of a monthly rebate check. Customers who chose to receive their discount "off-invoice" from Pilot generally purchased their diesel from Pilot on credit, and regularly received invoices from Pilot for those purchases. For Pilot's "off-invoice" customers, their agreed-upon discount would be applied to determine the periodically invoiced amount. For Pilot customers who chose to receive their discount in the form of a rebate, Pilot's retail price for diesel at the point and time of sale was charged to the customer, and then at the end of the month, the customer's negotiated discount was applied to all the customer's purchased gallons for the month, so that the customer's aggregated price discount

for the month was provided in the form of a rebate check.

5. The diesel fuel price discounts offered by Pilot generally varied among Pilot's numerous travel plazas, and the benchmark that Pilot used as its "cost" for "cost-plus" pricing also varied from region to region. Due to the multiple variables of Pilot's diesel price discounts, it was challenging for many of Pilot's customers to track whether they were in fact receiving the full amount of their agreed upon price discount from Pilot.

6. The defendant, ASHLEY JUDD, believed that Pilot's customers relied on Pilot to honestly apply their discounts when Pilot generated monthly rebate check amounts.

7. Since at least 2009, Pilot expressly held itself out to its customers as a company that emphasized its integrity.

The Conspiracy and its Object

8. From 2009, through approximately March, 2013, within the Eastern District of Tennessee, and elsewhere, the defendant, ASHLEY JUDD, did knowingly and willfully conspire, combine, confederate and agree with other persons, including Pilot employees, to commit an offense against the United States, namely mail fraud, in violation of 18 U.S.C. §1341, that is for the purpose of obtaining money from Pilot customers, by means of materially false pretenses, false representations, and omissions, the defendant, ASHLEY JUDD, at the direction, and with the agreement, of other Pilot employees, and with the intent to defraud, caused fraudulently reduced rebate checks to be sent by mail and commercial interstate carriers to certain targeted Pilot customers, so that Pilot could fraudulently retain rebates that were owed to the customers and so that Pilot could create and maintain the materially false pretense that those customers were in fact receiving their agreed upon diesel price discount with Pilot for the purpose of inducing those customers to continue their purchasing of diesel fuel from Pilot, rather

than a competitor, and for the purpose of increasing Pilot's profits and its sales personnel commissions.

The Purpose of the Conspiracy

9. The primary purpose of the conspiracy was to send fraudulently reduced rebate check amounts to some of Pilot's trucking company customers, so that Pilot could fraudulently retain rebates that were owed to those customers and so that Pilot could create and maintain the false pretense that those customers were in fact receiving their agreed upon diesel price discount with Pilot, to induce those customers, by means of materially false pretenses, false representations, and omissions, to continue their purchasing of diesel fuel from Pilot, rather than a competitor, and thereby increase the profitability of the targeted customers' accounts to Pilot itself and increase the sales commissions of Pilot's direct sales employees assigned to the targeted customers' accounts.

Manner and Means of the Conspiracy

10. It was part of the conspiracy that the defendant, ASHLEY JUDD, was instructed by, and conspired, combined, confederated and agreed with, other Pilot direct sales division employees to change Pilot customers' monthly rebates without the customers' knowledge, to mail rebate checks that stated fraudulently reduced rebate amounts to customers that created and maintained the materially false pretense that the customer was receiving the full benefit of its agreed upon diesel price discount with Pilot, and to make false representations by way of material omission that Pilot was accurately, and honestly, determining the customer's rebate amounts based on the customer's agreed upon diesel discount price with Pilot.

11. It was part of the conspiracy that the defendant, ASHLEY JUDD, at the request of other Pilot direct sales employees, agreed to try to conduct all discussions with other Pilot direct sales employees related to the fraudulent reduction of Pilot customer rebates over the telephone, rather than email, to minimize the potential that evidence of the Pilot employee conspiracy to reduce customer rebates could be easily retrieved in email.

12. It was part of the conspiracy that the defendant, ASHLEY JUDD, at the request of other Pilot direct sales employees, agreed not to detail her fraudulent rebate-reduction activities on electronic spreadsheets on her computer to limit the ability to retrieve electronic evidence of the Pilot employee conspiracy to defraud Pilot customers through deceptive rebate reductions.

13. It was part of the conspiracy that the defendant, ASHLEY JUDD, in at least one instance, at the request of another Pilot direct sales employee, knowingly made misrepresentations to a Pilot customer who challenged the accuracy of its rebate check amount by telling the customer that the found error was caused by a “lapse in the numbers,” rather than telling the truth, that the inaccurate rebate was caused by the willful, deliberate, and deceptive effort to trick the customer into accepting a reduced rebate.

14. It was part of the conspiracy that the defendant, ASHLEY JUDD, in at least one instance, at the request of another Pilot direct sales employee, knowingly made misrepresentations to a Pilot customer who requested “back-up” data that supported the customer’s rebate check amount – which unknown to the customer had been fraudulently generated – by deceptively fabricating back-up data that supported the false rebate check, rather than telling the truth that the actual “back-up” or pricing information for the month supported a higher rebate amount than the customer received.

15. It was part of the conspiracy that on November 19 and 20, 2012, Pilot held a

sales-training meeting for the company's diesel direct sales division at its headquarters located at 5508 Lonas Drive, Knoxville, Tennessee. It was part of the conspiracy that all direct sales division employees were required to attend this training. It was part of the conspiracy that during this mandatory training, the defendant, ASHLEY JUDD, was required to attend various "break-out" sessions led by other Pilot direct sales employees. It was further part of the conspiracy, that during one of the required break-out sessions, a Pilot sales director taught Pilot direct sales personnel how to defraud, without detection, some of Pilot's customers who chose to receive their discount in the form of a rebate check.

16. It was part of the conspiracy that once it was determined by how much deceptively to reduce a customer's rebate, the defendant, ASHLEY JUDD, at the request of other Pilot direct sales division employees, would cause a check in the fraudulently determined amount to be mailed or sent by commercial carrier to the targeted customer.

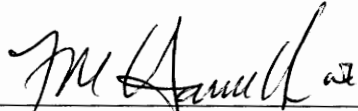
Overt Act in Furtherance of the Conspiracy

17. In furtherance of the conspiracy, the following overt act, among others, was committed in the Eastern District of Tennessee: On or about August 15, 2011, as instructed by another Pilot direct sales employee, and in furtherance of the conspiracy and its object – namely the execution of a mail fraud scheme in violation of 18 U.S.C. § 1341 – the defendant, ASHLEY JUDD, knowingly and willfully, and with the intent to defraud, caused to be sent and delivered by mail a fraudulently reduced rebate check, which was mailed from Pilot's Knoxville, Tennessee headquarters to Pilot's customer Joe's Trucking in California, that maintained the materially false pretense that Pilot was providing Joe's Trucking with its agreed upon diesel price discount for the purposes of inducing Joe Trucking's to continue purchasing diesel fuel from Pilot and increasing Pilot's profits and its salespersons' commissions.

In violation of Title 18, United States Code, Section 371.

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By:



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